

CONSUMER FACT SHEET

Competition in the Cable Television Market

There is only one cable company serving my town. Why is the cable company allowed to have a monopoly? There is nothing in Federal or Massachusetts law that prevents another cable company from seeking a license to operate in your town. All cable television licenses in the Commonwealth are non-exclusive -- meaning that your town is free to issue cable licenses to as many cable providers as it chooses. However, cable operators have not typically sought to compete head-to-head with one another in the same town. Nevertheless, the market for television-related services is expected to become increasingly competitive as the technology evolves and alternative providers package television with other services, such as telephone and Internet. For example, satellite providers currently offer television and Internet services throughout the Commonwealth.

How can we introduce competition into our community? Your community may initiate licensing with an additional cable operator at any time. While there are no guarantees that competitive providers will have the interest or the financial, technical, and legal ability to offer cable services in your community, the Cable Television Division has recently granted waivers of state regulations to speed up the initial licensing process in many communities. All such requests are addressed and evaluated on an individual basis, but granting such waivers can shorten the time that it takes to license a competitor.

Is there any other way to bring competition to my community? Yes. Federal and Massachusetts law allows municipalities to own and operate cable services. If your community has a municipal electric company, you might want to pursue this option. Braintree, Russell, and Shrewsbury have systems that are currently up and running while several other communities in Massachusetts are considering becoming cable service providers. In addition, Congress, in 1996, created an alternative to cable licensing called open video systems ("OVS"). Telephone companies, for example, can now compete with cable operators by becoming OVS operators. OVS operators are regulated by the Federal Communications Commission ("FCC"), not the Commonwealth, and are required to obtain certification from the FCC. The FCC must process and approve or deny OVS applications within ten days from receipt. Unlike a cable operator, an OVS operator is not required to seek a franchise agreement with local communities, however, they are required to pay fees to local communities and negotiate other local services. The lack of a local franchise in a community means that the OVS operator does not have to provide service to the entire community and an OVS operator's rates are not subject to regulation.

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Updated: June 5, 2002